

Message Text

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ACTION H-03

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E.O. 11652: N/A
TAGS: EAGR, ETRD, OREP, BR
SUBJECT: COFFEE: CONGRESSMAN RICHMOND MEETS WITH IBC
PRESIDENT CALAZANS

REF. STATE 050232

1. SUMMARY. DURING MARCH 17 MEETING WITH BRAZILIAN COFFEE INSTITUTE (IBC) PRESIDENT CALAZANS IN BRASILIA, CONGRESSMAN RICHMOND ASKED CALAZAN'S OPINION ON AMENDING THE INTERNATIONAL COFFEE AGREEMENT TO PROVIDE FOR A CEILING AS WELL AS A FLOOR PRICE. CALAZANS RESPONDED BY SAYING THAT PREVIOUS AGREEMENTS HAD HAD LITTLE INFLUENCE ON PRICE, BUT HE WOULD CONSIDER ANY SUGGESTION REGARDING FLOOR AND CEILING PRICES PUT FORTH FORMALLY BY THE USG. END SUMMARY.

2. CONGRESSMAN FREDERICK RICHMOND (SEE REFTEL) MET WITH IBC PRESIDENT CAMILO CALAZANS DE MAGALHAES FOR HOUR AND HALF ON MARCH 17 IN BRASILIA FOR A DIRECT AND FRANK EXCHANGE ON COFFEE MARKETING POLICIES. CONGRESSMAN RICHMOND OUTLINED THE RAPIDLY GROWING POWER OF CONSUMERS IN THE U.S. AND STATED THAT THE HIGH COFFEE PRICE IS THE NUMBER ONE CONSUMER PROBLEM IN THE U.S. TODAY. HE COMMENTED THAT THE US RETAIL PRICE, \$4.50 CENTS PER LB., HAS NOW REACHED AN INTOLERABLE LEVEL FOR MANY CONSUMERS AND A SHARP DOWNWARD TREND IN PER CAPITA CONSUMPTION HAS ALREADY STARTED. HE ALSO COMMENTED THAT COFFEE

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DRINKING IS A HABIT AND ONCE THAT HABIT IS BROKEN MUCH OF THE FORMER CONSUMPTION WILL BE LOST PERMANENTLY.

3. IBC PRESIDENT CALAZANS REPLIED THAT HE WAS ALSO CONCERNED ABOUT THE CURRENT RECORD PRICE AND ITS IMPACT ON CONSUMPTION AND OBSERVED THAT THE RELATIONSHIP BETWEEN PRICE AND CONSUMPTION IS A MATTER WHICH NEEDS TO

BE STUDIED. HE DISAGREED, HOWEVER, WITH CONGRESSMAN RICHMOND'S COMMENT THAT CONSUMERS WHO CUT DOWN CONSUMPTION NOW OR QUIT DRINKING COFFEE ALTOGETHER WOULD BE A PERMANENT LOSS FOR COFFEE EXPORTERS.

4. CONGRESSMAN RICHMOND ASKED PRESIDENT CALAZANS' OPINION ON CALLING AN ICO MEETING TO DISCUSS AMENDING THE INTERNATIONAL COFFEE AGREEMENT TO PROVIDE FOR A CEILING AS WELL AS A FLOOR PRICE. PRESIDENT CALAZANS RESPONDED BY SAYING: QUOTE - THE ICA AGREEMENTS HAVE ALWAYS BEEN AIMED AT COFFEE SURPLUS PROBLEMS, BUT IN REALITY PREVIOUS AGREEMENTS HAD VERY LITTLE INFLUENCE ON PRICE. WHEN PRICES DROPPED, THE PAST AGREEMENT DID NOT SEEM TO HELP BECAUSE THERE IS NO WAY TO PREVENT COUNTRIES FROM SELLING THEIR COFFEE. I DO NOT THINK THIS AGREEMENT WILL HELP WHEN PRICES FALL SHARPLY. NEVERTHELESS, I AM WILLING TO CONSIDER ANY SUGGESTIONS REGARDING FLOOR AND CEILING PRICES. END QUOTE. CONGRESSMAN RICHMOND ASKED IF PRESIDENT CALAZANS WOULD BE WILLING TO ASK THE ICO TO CALL A MEETING TO DISCUSS A FLOOR PRICE OF \$1.50/LB. AND A CEILING PRICE OF \$2.50/LB. PRESIDENT CALAZANS RESPONDED BY SAYING IF THE US GOVERNMENT (HE SPECIFIED "THE EXECUTIVE" AS HIS COUNTERPART IN THE USG) SUPPORTED THIS HE WOULD CONSIDER THE PROPOSAL, BUT ADDED THAT HE PERSONALLY DID NOT BELIEVE EITHER THE FLOOR PRICE OR THE CEILING PRICE COULD BE ENFORCED.
CRIMMINS

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Message Attributes

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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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